

KANSAS REAL ESTATE COMMISSION

"KANSAS PRACTICE COURSE"

30-HOUR COURSE OUTLINE APPROVED 4/12/07
REQUIRED FOR ALL SALESPERSON APPLICANTS EFFECTIVE 7/1/07

SECTION 1

BROKERAGE AGREEMENTS

UNIT 1

REAL ESTATE BROKERAGE RELATIONSHIPS BROCHURE
(amendments effective October 1, 1997)
When and how to present it

UNIT 2

LISTING A PROPERTY

- A. Examples: Types of Seller Agency Agreements
 - Exclusive Right to Sell
 - Exclusive Agency
 - Open
 - Net (not allowed)
- B. Who's who in the agency agreement?
 - May you sign the agency agreement for your broker?
 - What are your broker's responsibilities under the agency agreement?
 - What determines the kind of agency agreement(s) your company uses?
 - When is pay day?
 - What information is needed to help you better service a listing?
 - Where and how do you find this information?
 - Flood plain issues
 - Lead paint
- C. Title Issues
 - Death, divorce or other issues that may cause closing problems

UNIT 3

BUYER REPRESENTATION - LISTING THE BUYER

- A. Examples: Types of Buyer Agency Agreements
 - Exclusive Representation
 - Non-Exclusive Representation
- B. Review of customer/client relationship
 - Who's who in the agency agreement?
 - May you sign the agency agreement for your broker?
 - What are your broker's responsibilities under the agency agreement?
 - What determines the kind of agency agreement(s) your company uses?
 - When is pay day?
 - What information is needed to help you better service a listing?
 - Where and how do you find this information?
- C. In-Depth Discussion, Examples & Exercises

UNIT 4

ACTING AS A TRANSACTION BROKER

(amendments effective October 1, 1997)

How is the term "transaction broker" defined?

What are the obligations and responsibilities of a transaction broker?

Is a written brokerage agreement required?

May a transaction broker cooperate with other brokers?

What is meant by "presumption of transaction broker"?

When is a transaction broker addendum required?

Examples:

1. Transaction Broker Addendum (TBA-RES)
2. Transaction Broker Addendum (TBA-COMM)
3. Transaction Broker Addendum (TBA-DA)
4. Transaction Broker Addendum (TBA-AG)

UNIT 5

TERMINATION OF BROKERAGE RELATIONSHIPS (K.S.A. 58-30,104 of the Brokerage Relationships in Real Estate Transactions Act)

Public's right to terminate agency and consequences of such

UNIT 6

COMPENSATION (K.S.A. 58-30,105 of the Brokerage Relationships in Real Estate Transactions Act)

UNIT 7

THINGS TO REMEMBER WHEN WORKING WITH ANOTHER COMPANY

What are the types of agency relationships?

When to disclose agency?

Ask and Tell

UNIT 8

LISTING AGENTS, SUBAGENTS, SINGLE AGENTS

What are the listing broker's obligations to the seller/client?

What are the listing broker's obligations to the buyer/customer?

What are the buyer broker's obligations to the buyer/client?

What are the buyer broker's obligations to the seller/customer?

Who is a Subagent?

Who is a Single agent?

How to cover business in designated agency

UNIT 9

SHOWING ANOTHER FIRM'S LISTING

If you call another company and ask permission to show a property it has listed, may that company refuse?

What to do when you want to show another company's listing and establish your firm as a subagent?

What should you do before showing another company's listing when you are acting as agent of the purchaser?

What to do when a salesperson with another company calls for permission to show one of your listings

A typical response of a listing company when asked for permission to show one of its properties when the selling agent wants to act as a subagent

A typical response of a listing company when asked for permission to show one of its properties when the selling agent wants to act as a buyer's agent

SECTION 2 PROPERTY VALUATIONS

Note: Unit 1 **and/or** Unit 2 may be covered depending on the types of transactions the class performs. However, the information not covered should be provided through handouts, glossary, etc.

UNIT 1

PRICING RESIDENTIAL PROPERTY

What is a market analysis?
Where do you find information?
When do you use a market analysis?
How financing can affect the selling price
Steps to follow when completing the market analysis
What does a sample market analysis look like?
Who or what determines property values?

UNIT 2

PRICING NON-RESIDENTIAL PROPERTY

What factors affect the values of income-producing property?
Where to find information about these factors
Steps to follow when using the income approach

UNIT 3

THE APPRAISER'S ROLE

What is the difference between an appraisal and a market analysis
What comparables do appraisers use?
Who does the appraiser work for?

SECTION 3 FINANCING

TYPES OF FINANCING

Why is it important to financially qualify the purchaser?
When and how to qualify the purchaser (buyer interview)
Pitfalls to avoid when qualifying the purchaser
Pre-qualification vs. pre-approval
Conventional loan guidelines and qualifying
FHA loan guidelines and qualifying
VA loan guidelines and qualifying
Other sources of financing (e.g. seller, FmHA)

CLOSING COSTS

UNIT 1

BUYERS ESTIMATED CLOSING COSTS

What is required by state law?
When to prepare an estimate
How to prepare an estimate

UNIT 2

SELLERS ESTIMATED CLOSING COSTS

What is required by state law?
When to prepare an estimate
How to prepare an estimate
NOTE: Additional instruction regarding the closing process may be included here.

SECTION 4

CONTRACTS

HOW TO AVOID PROBLEMS WHEN WRITING A SALES CONTRACT

How do you complete and explain an offer to purchase?
What is the purpose of an addendum/amendment?
How to handle counteroffers and multiple offers?
How does agency affect negotiating offers?
What are possible consequences of a breach of contract?
When to consult your broker when writing a sales contract
When to suggest competent legal advice for your customer/client
If the purchaser asks, "Should I put the home in my spouse's name too?", what should you say?
What to do if the Purchaser or Seller wants to write a second contract just to take to the lender
Purchasing a property you or your company has listed -- what has to be disclosed?
Contract cancellation
What are some common contingencies?
Title issues

EARNEST MONEY

THINGS TO REMEMBER ABOUT EARNEST MONEY BEFORE WRITING A SALES CONTRACT

What is earnest money?
Are you required to get earnest money from the prospective purchaser when he or she makes an offer?
For how much earnest money should you ask?
What are different forms of earnest money?
Who is the earnest money made payable to?
What to do when you get an earnest money check
Can the buyer and seller agree to the deposit of earnest money other than that provided by state law?
Who decides if the buyer or seller is entitled to the earnest money?
If the property has to be appraised for loan purposes or because the purchaser requests it, can the appraisal fee be paid out of the earnest money?

MISREPRESENTATION

UNIT 1

DEFINITION AND TYPES

Intentional
Negligent

UNIT 2

MISREPRESENTATION RED FLAGS

Buyer's perspective
Seller's perspective
Agent's perspective
Property value
Legal access to property
Title defects
Physical and mechanical condition of improvements
Quality of the construction
Age of the improvements
Quantity of land

UNIT 2

MISREPRESENTATION RED FLAGS - Continued

Rights of the parties in possession

Absence of termites or other pests

Availability of public services and utilities

Location of boundaries, easements and improvements

Compliance with and existence of zoning, subdivision regulations, building codes, and restrictive covenants

Taxes, municipal assessments

Expenses incident to operation or use of property

Neighborhood demographics

Facts that are not readily apparent upon an inspection of the property by the buyer

Qualification of the buyer for loan

Availability of mortgage funds or owner financing

Amount of closing costs

Market conditions

Economic conditions

Net operating income of commercial property

Salability of buyer's own property

Right to return of earnest money deposit

Risk of loss

Any matter that isn't easily apparent to party because of lack of expertise or experience and relying on agent to provide information

Effect of mortgage contingency clause

Performance obligation of buyer

Performance obligation of seller

Remedies of seller on default

Remedies of buyer on default

Dual contracts

Advertising – by individual agents, teams, etc. and any other information required by broker

UNIT 3

WAYS TO AVOID MISREPRESENTATION

Check completeness and accuracy of all information

Errors of Omission

Errors of Commission

Make a thorough visual inspection of the property

Does the seller's statement of condition match the agent's observation?

Avoid reliance on disclaimers

Follow up on "red flags"

Clearly identify opinions as opinions

Exercise caution when making affirmations of fact

Avoid "puffing" a property

Never interpret the rights and duties of parties to contracts for others

Establish procedures to minimize the possibilities of misrepresentation

Establish a "paper trail"

Importance of seller's disclosure

Flood plain issues

Lead paint

Opportunities for discovering latent defects through inspections

UNIT 4

PROCEDURE UPON DISCOVERY

Disclose immediately

Confirm disclosure in writing

Indicate the nature of the misrepresentation in the disclosure

Caution the party not to rely on the misrepresented fact

SECTION 5

ENVIRONMENTAL ISSUES

Environmental Protection Agency - EPA

Examples of red flags

lead paint, radon, wells, septic tank, asbestos, specific to the area, mold, meth labs

SECTION 6

LAND AND IMPROVEMENTS

STRUCTURES

Construction

Style

Plumbing and Heating

SECTION 7

LEGAL ISSUES

New Developments in Kansas Real Estate Law And License Act

Advertising and Fair Housing - Sample Ads

Megan's law

Stigmatized properties